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Letter dated 9 February 2009 from the Permanent Representatives of South Africa and Switzerland to the United Nations addressed to the Secretary-General

The Permanent Missions of South Africa and Switzerland to the United Nations present their compliments to the Secretary-General and have the honour to transmit the attached letter from Pam Yako, Director-General of Water Affairs and Forestry of South Africa and Bruno Oberle, head of the Swiss Federal Office for the Environment, and the enclosed final report of the Durban Workshop entitled "Forest governance and decentralization in Africa" (see annex).

In the light of the importance of the report and its relevance to the work of the United Nations Forum on Forests, we would appreciate it if the present letter and its annex were issued as a document of the eighth session of the United Nations Forum on Forests.

(*Signed*) Dumisani **Kumalo**
Permanent Representative of South Africa
to the United Nations

(*Signed*) Peter **Mauer**
Permanent Representative of Switzerland
to the United Nations

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Annex to the letter dated 9 February 2009 from the Permanent Representatives of South Africa and Switzerland to the United Nations addressed to the Secretary-General

We have the honour to inform you that the international Workshop on Forest Governance and Decentralization in Africa (the Durban Workshop) has taken place in Durban, South Africa from 8 to 11 April 2008. The Durban Workshop was announced at the closing plenary of the seventh session of the United Nations Forum on Forests by the Governments of South Africa and Switzerland as a country-led initiative in support of the United Nations Forum on Forests.

The specific objectives of the Workshop were as follows:

- To distil and share lessons learned from the experiences of African countries, including from regional initiatives, in their implementation of decentralization and broader governance reforms in the forest sector
- To facilitate broader, shared understanding of key trends and issues and sharing of lessons and workable approaches, especially as they relate to poverty reduction and sustainable forest management, including forest conservation
- To strengthen cooperation and to enhance partnerships among countries and key stakeholders in addressing common challenges
- To recommend approaches for strengthening policies, institutions and practices of decentralized forest governance systems to reduce the gap between theory and practice

A total of 187 participants from 34 African countries and 11 participants from other countries representing various Government organizations, civil society organizations and the private sector participated in the Workshop.

The final report (see enclosure) captures the highlights of the deliberations undertaken during the Durban Workshop. It will be an important input to the work of the United Nations Forum on Forests at its eighth session, in April 2009.

(*Signed*) Pam **Yako**
Director-General
Water Affairs and Forestry
South Africa

(*Signed*) Bruno **Oberle**
Director, Federal Office for
the Environment of Switzerland

Enclosure

FOREST GOVERNANCE AND DECENTRALIZATION IN AFRICA

REPORT OF A WORKSHOP CO-ORGANIZED BY THE GOVERNMENTS OF SOUTH AFRICA AND SWITZERLAND
"The Durban Workshop"

8-11 APRIL 2008
DURBAN, SOUTH AFRICA

Summary

Governance reform initiatives including administrative and political decentralization accompanied the rebirth of democracy in parts of Africa in the 1990s. Many countries embarked on decentralization in response to demands for better management of natural resources, including forests, and for more equitable sharing of benefits derived from them. These governance reform and decentralization processes have taken various forms and are proceeding at different paces and stages of implementation.

While these reforms have created real opportunities, putting democratic decentralization into practice for more sustainable forest management and equitable distribution of benefits remains a major challenge. Gains are often undermined by the dearth of mechanisms to track progress and exchange lessons to inform action and by the absence of a framework to value and capitalize forest resources under decentralized management. Inadequate technical competencies and lack of funding and incentives constrain effective implementation on the ground. Protected area conservation and landscape management approaches premised on large-scale (eco-regional), state-managed, command-and-control principles and practices commonly employed in Africa also often run counter to decentralized resource governance.

Increased trade, investment and financial flows into and out of Africa add a layer of complexity to the implementation of decentralization and governance reforms. These issues and challenges are likely to take even greater significance in the context of current discussions on reducing emissions from deforestation and degradation in the international climate change debate.

The Durban Workshop brought together diverse stakeholders, policy makers and international experts from all over Africa and from other regions. Participants shared experiences and explored opportunities to generate concrete gains from governance reforms and decentralized forest management against the backdrop of a range of global, regional and local contexts. Presentations and discussions were organized around three central themes: (1) Decentralized forest management and livelihoods; (2) Conservation, sustainable forest management and forest governance; and (3) International trade, finance and forest sector governance reform. Participants identified several issues in need of attention and offered recommendations for the consideration of countries and the United Nations Forum on Forests.

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I. Introduction and background

1. The decade of the 1990s saw the rebirth of democracy in parts of Africa, and with it the initiation of different governance reform initiatives, notably processes of administrative and political decentralization. Many countries embarked on decentralization in response to demands for better management of natural resources, including forests, and for more equitable sharing of benefits derived from them. Forest governance reform and decentralization in countries in Sub-Saharan Africa (SSA) have taken various forms and are proceeding at difference paces and are at various stages of implementation.

2. In Africa, a host of organizations, initiatives and policy instruments suggest an ongoing commitment to the principles and strategies of democratic decentralization. While policy reforms and ongoing initiatives have created real opportunities, putting democratic decentralization into practice for more equitable distribution of benefits and more sustainable forest management continues to be a challenge.

3. The Food & Agricultural Organization's report on the State of the World's Forest, 2007, estimated forest area for Africa in 2005 as 635 million hectares, representing approximately 16% of global forest area. According to the report the rate of forest cover loss in Africa seems to be slowing slightly, but on the whole it remains high and the extent of other wooded land is also declining. Considering the importance of forestry in the region, specifically in terms of livelihoods and poverty reduction, these losses are a real concern. The role of governance and decentralization as a tool to assist African countries in addressing these issues; the challenges faced by countries relating to governance and decentralization; and the necessity to realize opportunities created by decentralization are some of the issues that warrant further discussion and motivated the International Workshop on Forest Governance and Decentralization in Africa in Durban, South Africa.

4. The goal of the Workshop was to bring together diverse stakeholders, policy makers and international experts to share experiences and explore opportunities for generating concrete gains from governance reforms and decentralized forest management. The workshop built on the 2004 Interlaken Workshop on Forest Decentralization in Federal Systems hosted by the Governments of Switzerland and Indonesia, and the 2006 Yogyakarta Workshop on Forest Governance and Decentralization in Asia and the Pacific hosted by the Government of Indonesia and supported by Switzerland. The Interlaken Workshop had been organized as a country-led initiative in support of the United Nations Forum on Forests (UNFF), and the Yogyakarta Workshop as an activity within the Asia Forest Partnership. The Governments of South Africa and Switzerland organized and co-hosted the Workshop on Forest Governance and Decentralization in Africa, also as a country-led initiative in support of the UNFF from 8 to 11 April 2008, in Durban, South Africa. Technical support for the Durban Workshop was provided by the Center for International Forestry Research (CIFOR) and Intercooperation (Switzerland). The Workshop was cosponsored by the Governments of Finland, Germany, Norway, United Kingdom and the United States of America as well as the South African Forestry Company Limited (SAFCOL), SAPPI, MONDI and the eThikwini Metropolitan Council. Intercooperation organized logistical arrangements for the workshop.

5. The objectives of the Workshop on Forest Governance and Decentralization in Africa were:

- To distil and share lessons learned from experiences of African countries, including from regional initiatives, in their implementation of decentralization and broader governance reforms in the forest sector;

- To facilitate broader, shared understanding of key trends and issues and sharing of lessons and workable approaches, especially as they relate to poverty reduction and sustainable forest management, including forest conservation;

- To strengthen cooperation and to enhance partnerships among countries and key stakeholders in addressing common challenges; and

- To recommend approaches for strengthening policies, institutions and practices of decentralized forest governance systems to reduce the gap between theory and practice.

6. Expected outcomes from the workshop included the generation of common understanding of concepts and practice of decentralization in the context of forest governance in Africa. The workshop was also expected to identify opportunities for coordinated policy responses, capacity building and implementation of best practices, instruments for improved decentralization to the local level, and strategies for overcoming constraints to effective decentralization and sustainable forest management at different levels. As a country-led initiative, the workshop was also expected to contribute to strengthening the regional component of the UNFF in Africa and to provide inputs to the UNFF process.

7. A total of 187 participants from 34 African countries and 11 participants from other countries representing various government organizations, civil society organizations and private sector participated in the Workshop.

8. This Final Report captures the highlights of the deliberations undertaken during the Workshop on Forest Governance and Decentralization in Africa.

II. Overview of sessions

Workshop themes

9. The Workshop consisted of presentations, panel discussions, working group sessions and field visits organized around three major themes: 1. Decentralized Forest Management and Livelihoods; 2. Decentralization, Conservation and Sustainable Forest Management; 3. International Trade, Finance and Investment in Forest Governance Reform.

10. The three themes served as a way of loosely clustering and organizing presentations and discussions and were meant to be porous, allowing for recurrent issues and ideas to surface and flow across thematic boundaries.

Field trip highlights

11. Field trips to nearby provinces were organized as an integral part of the workshop to facilitate common understanding about thematic issues and to facilitate networking and communication among participants. Each of the three field trips was designed to provide the participants exposure to the South African context and the specific cases that illustrate practical issues and implementation challenges under each theme.

Theme 1 field trip 1: Decentralized forest management and livelihoods

12. The field trip focused on the history of forest tenure reforms in South Africa and their continuing effects on rural livelihoods. In 1994 the first democratic government of South Africa inherited a state deeply divided by the effects of 300 years of colonialism and apartheid. The black majority composing 80% of the population was effectively excluded from land ownership. This historical legacy has continuing important consequences on access to and control over forest resources in the country.

South Africa has put in place two primary mechanisms for land transfer to local communities: (1) restitution that ensures that persons or communities dispossessed of property after 19 June 1913, as a result of past racially discriminatory laws and practices, are restored to such property or receive just and equitable redress; and (2) redistribution of privately owned and public land. The government has also set a target for the transfer of 30% of white-owned agricultural land to black owners by 2015. Through the land tenure reform process, the Department of Land Affairs has purchased land from private owners and plantation companies and returned them to communities.

13. The field trip to the Ixopo and Umzumbe Districts illustrated some of the successes and challenges faced by communities and smallholders in securing land rights and turning their newly acquired tenure rights into real economic benefits. The field trip also highlighted the role of commercial plantations and government departments, the dynamics *of* their interactions with local communities and challenges in assisting local communities with management following the land transfer.

Theme 2 field trip: Decentralization, conservation and sustainable forest management

14. The field trip centered on the governance of water for use by forestry and other sectors. Issues highlighted included the relationship between water and trees, the role of research in setting policy targets for water regulation and allocation; the appropriate degree of decentralization of forest and catchment governance and management; and instruments for cross-sectoral governance of water. Long term research and monitoring have conclusively established the negative effects on

streamflow of tall, dense, evergreen canopies and deep rooted trees characteristic of commercial forest plantations in South Africa.

15. The field trip showcased the Working for Water Programme, a government-supported programme implementing payments for environmental services. Initiated in 1995, the programme is aimed at eliminating invasive alien tree species from catchment areas to minimize negative effect on streamflow. In the course of its implementation the programme has cleared 10 000 km^2 of alien invasive species and provided jobs and training to around 20,000 people from marginalized sectors of the economy.

Theme 3 field trip: International trade, finance and investment in forest governance reform

16. The field trip was designed to illustrate international trade and its links with local communities and forests, the impacts of international governance instruments, particularly certification, on and use practice and the social and ecological effects of these practices.

17. Regarded as a constructive means of reassuring consumers that the marketed timber has come from sustainably managed sources, certification systems adopt varying standards. The most widely recognized system, the Forest Stewardship Council (FSC) system based on independent, third party certification requires an assessment of environmental, social and economic sustainability of forest management against 10 international principles and criteria.

18. The field trip to the Richmond area in KwaZuiu Natal Province included interactions with a community managing land recovered from a FSC certified plantation company under the government's Land restitution program; and visits to the company's certified plantations and a separate pulp processing facility oriented entirely for export.

Comments and observations from field trips

19. Participants offered the following general comments and observations based on background information provided and discussions during the field trips:

- The outcome of the Restitution process (land claims process), introduced in South Africa in 1994, was that land was restored to people or communities and in turn this resulted in the proliferation of community-company partnership arrangements where commercial plantations were involved. Benefits derived by communities from these partnership arrangements include access to cash (including for women), training in forestry, employment, and guaranteed market for timber while benefits to companies include access to labor, land and guaranteed, and in some instances, inexpensive supply of wood.

- Communities have benefited from such partnership arrangements, although community benefits have been less than initially expected.

- Community efforts towards value addition and livelihood diversification have been generally constrained by: inadequate technical capacity; lack of financial resources; limited access to credit, funding sources and marketing channels.

- The size of the land given to communities for plantation management is an important factor in the economic viability of community plantations.

- Inadequate company support in community capacity building and attempts to access alternative sources of funding and development assistance can fuel tensions between communities and partner companies. It can also perpetuate community dependency and stymie efforts to diversify their livelihood and partnership options.

- Resources for the implementation of corporate social responsibility (CSR) programs typically get only a modest share of company operational budgets, and are often inadequate to meet partner community needs and expectations.

- Certification does not necessarily guarantee that ecological and social aspects are fully dealt with. Technical plantation management issues tend to be fairly well covered, while issues of social equity and historical imbalances can remain unaddressed.

- Excessive water use and streamflow reduction from monoculture plantations of exotic species and the proliferation of invasive species are issues of concern for landscape management and involve trade-offs among stakeholders. Research can help clarify the nature and magnitude of these trade-offs though decisions on management objectives of any given landscape are ultimately and inherently social and political choices.

- "Success" of research in effecting governance reforms is facilitated by the social legitimacy and transparency of decision-making processes and the ability to treat governance reforms as experiments rather than facts, to be perfected over many years of implementation, observation and modification.

20. The following were suggested for consideration by the Government of South Africa as possible measures to address identified issues:

- Ensure that land transferred to communities is sufficiently productive and large enough to serve as economically viable production units.

- Land grants need to be accompanied by necessary support for skills development, access to financial resources, markets and technical assistance.

- Support regional exchange of knowledge and policy experience on water governance in the forestry sector. This could facilitate broader learning from South Africa's experience, regional policy harmonization and joint learning.

- Experiment with innovative means to leverage science in support of policy.

- Apply the principle of "subsidiarity" (rather than decentralization per se) to the governance of environmental services: (i) match the level of decision-making to the scale of the resource being managed; (ii) ensure decentralized functions are supported by adequate financial resources; and (iii) leverage national funds for policy-oriented research.

- Support equitable decision processes and cross-sectoral checks and balances for the governance of environmental services, while also sticking to minimize the bureaucratic steps and transaction costs of such procedures.

- Ensure that social and ecological issues are addressed in the national certification standard under development and facilitate their incorporation in FSC standards.

III. Thematic presentations and discussions

Theme 1: Decentralized forest management and livelihoods

21. The keynote presentation in this theme argued that decentralized forest governance is not inherently superior to centralized governance systems, but can be a means to promote local democracy. If minimum rules of use aimed at protecting essential ecological functions and protecting livelihood and economic values can be set, then the remainder of decisions over forest management and use can be at the discretion of democratically elected local representatives.

22. Discussions and subsequent presentations raised a series of issues that echo previous discussions on decentralization and governance globally (Interlaken Workshop, 2004) and in Asia-Pacific (Yogyakarta Workshop, 2006). Issues included: increasing conflict, cronyism, corruption, lack of accountability and transparency, social inequities, and elite capture. The significance of local variations and diversity was also widely noted. As in other workshops on decentralization, there was a refrain that "one size does *not* fit all".

23. The existence of overlapping customary and statutory rights is a recurrent issue, fomenting contestation and conflict, some serious, some overt, others hidden. There were expectations that decentralization and devolution of rights can lead to poverty reduction, as has been reported in parts of the Congo Basin.

24. The definition of decentralization remained a subject of controversy. Some argued that only cases where a higher level of governmental devolves authority and power to a lower level of government should be considered decentralization. Within this view was an emphasis on democracy, in the sense of formal election of representatives, as a crucial mechanism for accountability. Others consider devolution to communities and other non-elected groups to be legitimate decentralization; still others consider privatization to be legitimate decentralization. Questions were also raised on specifics of governance mechanisms.

25. In some cases, governments devolve authority or rights with one hand and take it away with the other (in the sense of new regulations that render earlier regulations moot or toothless), or they use tax and other incentives to encourage more sustainable natural resource management.

26. Gender was identified as an important cross-cutting issue but one which tends to be widely ignored in decentralization implementation. Women's voices and concerns tend not to be heard (particularly in formal governance settings), benefits tend not to be distributed equitably to them, and their needs and interests appear to be widely ignored, despite their normally constituting half (or more) of the local populations.

Theme 2: Decentralization, conservation and sustainable forest management

27. The keynote presentation under this theme questioned the concept of democratic decentralization and its narrow focus on state, powers and subsidiarity. Empirical evidence points to limited cases of success and varied applications of subsidiarity principles. There is overwhelming evidence of the elusive nature of "democratic decentralization" in conservation schemes and the "fugitive" nature of power in decentralization processes. Power, a central issue in decentralization, has the propensity to operate beyond the law and its scope of legitimating structures.

28. Both conservation discourse and decentralization theory employ normative explanatory frameworks largely borrowed from outside, that render invisible the role, legitimacy and innovative potential of local actors. While conservation discourse is primarily concerned with territories, decentralization theory is obsessed with powers and politics. This leads to overemphasis on political explanatory factors and de-emphasis of the role played by the web of embedded institutions and informal networks through which local meanings and other capabilities (other than power) shape uncertain outcomes. This has also rendered invisible numerous cases of local resource management and political "space taking", cases of de facto decentralization.

29. "Democratic conservation" was proposed as a more appropriate approach, i.e., the exercise of democracy in decision-making about protection and use of land and biodiversity resources. Citizenship, whether based on blood rights or civil or territorial rights, is central to the exercise of democratic decision-making and resource allocation. In many African societies, the lineage or the clan (a group of lineages descending from a common and putative ancestor) are the (often invisible) decision-making unit on matters of land and natural resources, and thus critical to tenure regimes.

30. Customary, or community based tenure remains the de facto dominant tenure type in almost all sub-Saharan countries. Yet tenure policies in many countries tend to not recognize indigenous tenure or are aimed at its replacement. Externally imposed conservation models are insensitive to the reality of embedded tenure and have not satisfactorily addressed issues of indigenous rights.

31. Community Based Forest Management (CBFM) has been promoted widely and is spreading rapidly in many countries in Africa. Since many of the largest areas of unreserved woodlands are in some of the poorest and most remote areas, CBFM represents an important strategy in supporting livelihoods where economic opportunities are severely limited.

32. While forest legislation in many countries provides important incentives to rural communities to manage forests on a sustainable basis, there is little evidence that the legal transfer of areas of forest has been accompanied by tangible local economic returns from sustainable forest harvesting and utilization. Livelihood outcomes and impacts vary in different locations and evidence of the link between governance reforms and forest sustainability is highly variable both within and between countries that have enacted reforms.

Theme 3: International trade, finance and investment in forest governance reform

33. The keynote presentation under this theme highlighted a new, emerging pattern of trade in forest products and investment flows in Africa and its implications for governance reform in the region. The dysfunction of public institutions in many countries was identified as one important stumbling block to reform aimed at improving governance and sustainable forest management. Proposed solutions to this issue have focused on regulation, which is premised on effective law enforcement, or on privatization as an alternative to governments viewed as corrupt.

34. Recent institutional innovations, such as third party certification and the use of independent observers, and provisions in international conventions present countries with a broader, range of approaches that could be employed to promote forest governance reform, beyond regulation or privatization. There are indications that these arrangements may be similarly applied at the international level in dealing with such trans-boundary issues as international trade in forest products and climate change.

35. Cases presented illustrated how third party certification and the concept of "free and prior informed consent" are playing out on the ground and impacting on local people and forest resources. Other presentations focused on fiscal reform, changing dynamics of forest products trade and investment and how these impact different segments of the forest sector. Presentations on international forest products trade networks and climate change noted the opportunities global trade and new market instruments are creating, but also underscored the potential pitfalls for countries in the region.

36. Africa's remaining forest resources are under heavy pressure. Much of the harvesting is illegal, often undertaken with the complicity of highly placed staff of local and national government institutions, village leaders, logging operators and politically powerful individuals. African governments have expressed their intention to address issues of law enforcement, governance and trade in the Africa Forest Law Enforcement and Governance (AFLEG) Declaration of 2003.

37. Discussions centered around the impacts of trade and regulatory policy responses on forests and forest-dependent people, on fiscal reform, including its design and implementation, and on issues related to reinvestment in the forest sector by beneficiaries following decentralization. A major concern was on how local communities are affected and how they can engage with fiscal and governance reforms to their benefit. The issue of corruption at all levels was identified as important and in need of critical action, especially at the highest levels.

IV. Lessons and conclusions

38. The lessons and conclusions that emerged from the presentations and group discussions can be clustered into five broad categories: governance and democracy; benefits to local people; strengthening capacities and institutions; forest finance and trade; and governance and climate change.

Governance and democracy

39. There is still a long way to go in the process of genuine involvement of local communities in decentralization. That decentralization is a long process needs to be recognized; at the same time, globalization, climate change and powerful new business regimes make it necessary to accelerate the process. Positive results can take a long time to achieve but much progress can be made in a short time where there is a clear and strong political will.

40. The degree to which devolved rights are secure remains an important and recurring problem. In many cases higher levels of government retain the right to withdraw transferred powers, or use delaying tactics such as excessive bureaucracy.

41. The process of evaluating the social, economic and ecological impacts of decentralization remains difficult. There is widespread agreement that tools at hand are inadequate. Yet there have also been some successes in intermediate evaluations. And there is some evidence that decentralization can strengthen stewardship, such as in Kenya and Uganda.

42. There is an expressed need to strengthen democracy in decentralization. Existing class, caste, ethnic and gender hierarchies in many locations hinder democratic decentralization and favor; elite capture of benefits and decision-making power. In some cases, elections work as accountability mechanisms, though not everywhere.

43. A range of factors continue to hamper effective decentralization and create a generally poor climate for governance reform in Africa's forests. These include lack of human and operational resources, gaps in knowledge among key staff of local government and other relevant agencies of the legal provisions of land and forestry legislation; limited data and outdated assessments of the extent and condition of forest resources; and significant undervaluation of the real contribution of the forest sector to the national economy. The roles of central and local governments with regard to the collection and disbursement of forest revenues is also often unclear of contested and leads to great inefficiencies.

Economic benefits to local people

44. Local people only receive minor revenues from devolved resources. This was the clearest and most consistent lesson. Although devolution and decentralised approaches to forest management take various forms, in general, villagers receive rights to areas with less valuable forests or only for minor resources. Decisions on valuable assets such as timber and wildlife remain mostly with the State and with large private interests.

45. Ensuring tenure to land for local communities is an important step in improving livelihoods, but tenure alone has been found to be insufficient. Other rights are needed, including right of representation, access to finance for investment and access to markets.

46. The contributions of forests to multiple social, political and economic scales of income and subsistence must be better understood. Specifically, the values from forests and to whom they accrue require particular attention. Cronyism can negate the benefits for local people. Still, even partial decentralization can result in some benefits for local people.

Strengthening capacities and institutions

47. Institutional factors mediate livelihood and sustainability outcomes from decentralization and governance reforms. Rules regarding forest use, the degree to which they are enforced and the capacity of key actors to frame, implement and renegotiate rules are critically important.

48. Governance failures have undermined attempts by local communities to claim their rights regarding the ownership and management of forests in accordance with prevailing legislation. Capacity constraints of key government agencies and support institutions also contribute to weak, ineffective and inefficient service delivery at the local level.

49. Political connectedness is an important variable influencing reform outcomes for the poor. Local elites, NGOs and other special interests tend to dominate local decision making processes regarding the de facto assignment of rights, which tend to undermine outcomes for the rural poor.

50. Strengthening local people's capacities to organize, develop and implement rules, and sanction offenders plays an important role in their overall empowerment process and can enhance their share of benefits *from* forest decentralization. Partnerships between the state and civil society organizations can help strengthen and foster sustainable local resource management units.

51. Institutional capacities can be eroded by inappropriate or insufficient input. Withdrawal of external support, as in Zimbabwe, can lead to stagnation and erosion of capacities and knowledge already developed and reversal of previous achievements.

Forest finance and trade

52. Due to lack of sufficient internal fiscal accounting and downward accountability, investments by local authorities are not always responsive to local needs and aspirations. Furthermore, much privatization that does not serve local communities takes place in the name of decentralization.

53. Forest derived resource taxes and levies can be important sources of revenue though the realized amounts and efficiency of collection tend to be poor. Building financial capacity at the different levels of local government is necessary in order to facilitate efficient management of revenues from fiscal decentralization.

54. National and regional forest law enforcement and governance initiatives are hampered by limited political will to implement agreements. Efforts to improve forest law enforcement, governance and trade (FLEGT) are more likely to succeed if regional and sub-regional institutions take the lead in coordinating cooperation activities, mindful of the controversy surrounding the concept of "illegality". Efforts should apply to a broader set of issues than illegal logging and should avoid overly detrimental or discriminatory effects on local people. However, the nature and modes of operation of formal and informal trading networks active in forest products trade in Africa and across the globe pose a major challenge to the effective implementation of FLEGT.

55. The changing dynamics of forest products trade in Africa is reshaping the structure of the forest sector in many countries and the terms of integration of forest dependent households and communities into the international forest products trade. The private sector can wield considerable influence both locally and nationally, particularly where public services are weak and concessionaires hold substantial bargaining power as the only source of social services. While market-based instruments and innovative non-regulatory approaches can raise the bar on corporate business practice, they are by nature voluntary; non-binding instruments. They still require state action to exact compliance.

56. Voluntary instruments and state action can be viewed as complementary tools for forest governance reform. To be effective, Free and Prior Informed Consent (EPIC), certification and other similar approaches require access to information, open channels of negotiation, and state support to plug loopholes and reconcile legal contradictions.

Governance and climate change

57. With deforestation and forest degradation accounting for about 25% of annual greenhouse gas emissions worldwide, forests and forest policies have especially attracted interest in climate change discussions. Forests and how they are managed would have to be among the key elements of a comprehensive global response to climate change.

58. Developing countries could potentially benefit from the evolving carbon market and through project support from the Clean Development Mechanism (CDM). However, heavy initial investment, high levels of expertise needed and the requirement of clear property rights for

investment make it very difficult for decentralized government bodies, smaller forest owners and forest communities to participate and realize the potential benefits film the evolving CDM market.

59. A reputation of poor governance and corruption inhibits carbon sequestration finance and investment from flowing to countries that could otherwise benefit from these flows. According to an Indonesian forestry official, "These causes of deforestation and forest degradation are actually only symptoms, while the underlying cause is indeed poor governance. If workable structures and acceptable levels of trust can be developed, these can leverage new resources related to the changing global policy context."

V. Recommendations to countries

60. Within each thematic sub-group participants identified a range of important issues, lessons and possible measures to deal with some of the key issues. Results of sub-group deliberations were reported in plenary for broader discussion and comment. The ideas and proposals were further distilled within thematic sub-groups into a set of draft recommendations for action. The sub-group draft recommendations were then discussed, amended and finally adopted in plenary as the following final recommendations from the workshop.

Theme 1: Decentralized forest management and livelihoods

61. **Recognizing that**:

- Decentralization should be a long term strategic governance change.

- Its implementation must take into account socio-cultural, environmental and political diversity.

- Government, industry and civil society have responsibilities in decentralization.

Improve forest governance

- Build in continual self-monitoring, third party monitoring and evaluation systems. Within a given set of minimum rules or standards for forest management and use, transfer resources; and decisions to local authorities and communities and/or their representatives to establish tenure and broader rights (representation, recourse, procedural rights) and ensure that such transfers and rights are recognized in the legal system.

- Encourage public debate over which resources should be private.

- Facilitates the emergence of networks capable of influencing policy dialogue, such as associations of local authorities, unions and federations.

Strengthen democracy

- Empower local authorities who are downwardly accountable to the people, in order to strengthen local democracy, citizenship, rights and responsibilities in people's relationship with the State, while supporting an active public domain.

- Develop mechanisms (such as affirmative action) to counter-balance existing inequities in gender, religion, ethnicity, caste, and class.

- Develop mechanisms for managing conflicts among diverse stakeholders, including skill building, self-analysis, facilitation, negotiation, and conflict resolution.

Strengthen capacity

- Provide civic education and access to information to enable local authorities and local people to know, demand and protect their legal rights and responsibilities.

- Review formal education programs and make appropriate revisions to the technical and tertiary forestry curricula to include indigenous knowledge.

- Support forestry research in the social and natural sciences in order to produce knowledge, training and education, with attention to the application and appropriate dissemination of all findings in local languages.

- Reinforce organizational structures at local level for resource management by enhancing technical, empowerment, organizational and revenue generating capabilities, and providing related budgetary support.

- Strengthen mechanisms of collective communication and negotiation — through the institution of regular meetings, newsletters, increased interaction — to enhance partnerships between communities and the levels of government and society.

Ensure economic benefits to local people

- Within a given set of minimum rules or standards for forest management and use, grant and guarantee local people access that will provide direct economic benefits to them, in the interest of improved local management.

- Integrate equitable mechanisms to enhance local livelihoods in all forest policy (taxation, licensing, etc.), including devolving control over lucrative timber and non-timber forest resources.

Improve markets and trade

- Support equitable market access, including market linkages and development.

- Support communities to add value to forest resources and establish viable and sustainable businesses.

- Expand attention and market opportunities beyond timber to non-timber forest products whose use may be limited to disadvantaged segments of society.

- Create r nisms to protect people from the vagaries of markets.

Theme 2: Conservation, sustainable forest management and forest governance

Support democratic forest conservation and management initiatives

- Enable communities to express their choices and defend their rights, interests and values.

- Devote meaningful financial and human resources to strengthen the capacity of all actors, especially local communities, in all areas of democratic governance of natural resources.

- Organize and implement open fora for deliberation over natural resource management and decentralization decisions.

- Foster incremental approaches to conservation where the government supports and facilitates rather than dictates to local communities.

Allocate decision-making, roles and responsibilities to the lowest appropriate level

- Support amore strategic selection of priority conservation functions, support them better, and devolve others to customary forms of management.

- National policy should provide the framework for decision making, rather than attempt to centralize detailed decisions which can be effectively made at the local level.

- Ensure decentralized functions are supported by adequate financial and human resources.

Implement national and international policies on gender, minorities and indigenous groups

- Focus implementation at the level of decision-making, budgets, tenure rights, and legal quotas.

- Strengthen mutual accountability in the management of resources of both local and national concern.

Ensure that comprehensive monitoring and evaluation systems accompany governance innovations

- Better track livelihood and sustainability outcomes in sustainable forest management.

- Facilitate adaptive learning and governance.

Consider the true value of forest and landscape goods and services in decision-making

- Develop and support natural resource management decision-making based on the true value of forest and landscape goods and services.

- Take into consideration the diversity of interests and values attached to these goods and services.

- Leverage national funds for multi-disciplinary, policy-oriented research to provide balanced, policy relevant information.

- Experiment with innovative means to leverage science in support of policy, particularly in the identification and governance of trade-offs in multi-stakeholder forest landscapes. This should include mechanisms for multi-stakeholder and multisectoral decision-making in responding to research findings.

- Support equitable decision processes and cross-sectoral checks and balances for the governance of environmental services, while also seeking to minimize the bureaucratic steps and "transaction costs" of such procedures.

Support local communities' efforts to reduce capture of resources by local and external elites

- Ensure that restrictions on rights in protected areas are applied equally to all actors or for the benefit of customary rights.

Support and develop regional cooperation on shared resources and challenges

- Support harmonization of policies.

- Avoid turning governance successes in one country into governance challenges in other countries.

Theme 3: International trade, finance, climate change and forest sector governance reform

Improve trade, investment and marketing channels

- Strengthen policies using market elements such as certification, voluntary partnership agreements and FLEGT, to extend their impact to new and emerging markets globally.

- Rethink approaches to regulation and incentives for corporate behavioural reform, based on understanding of the operations and social norms governing transnational trading networks.

- Remove barriers to market entry to enable communities to access markets and opportunities and profit from forest-based economic activities.

- Pursue holistic anti-corruption efforts at different levels, with greater focus on high-level corruption; and with strong audit and accountability mechanisms built in.

- Clarify and secure rights and tenure over land and forest resources and put in place mechanisms to ensure that these rights are enforced and protected, paying particular attention to gender issues.

- Ensure that potential benefits from future agreements aiming at mitigating climate change from forestry go in priority to local stakeholders involved in land-use changes and forest use.

Improve equity in finance

- Facilitate reinvestment of forest revenues to enhance forest productive capacities and social welfare infrastructure for the benefit of women and men in forest communities.

- Ensure that market-based payments for forest ecosystem services and mechanisms for their implementation include strong elements of distributional equity and accountability.

- Promote regional cooperation and investment on value addition of forest product, retain value at local level and promote sustainable trade of forest products.

- Design a national accounting mechanism for capturing the full value of forest products and services with the view to raising the profile of forests in the local and national economy.

- Create incentive schemes for those implementing certified concessions. Such schemes could be linked with an international mechanism to compensate governments for providing those incentives.

Promote appropriate responses to climate change

- Ensure that forest sector actors actively contribute to the development of the United Nations Framework Convention on Climate Change (UNFCCC) post-2012 agenda that would address the role of forests in climate change mitigation and adaptation in a manner beneficial for local stakeholders, and promote flexibility in existing mechanisms.

- At a national level, seek spaces for dialogue among public sector, private sector and civil society actors with the aim to develop norms and standards that allow the forest sector to meaningfully apply adaptation and mitigation options (including REDD and carbon sequestration through assisted regeneration and forest restoration) in a manner that promotes local employment, poverty alleviation and sustainable and equitable resource use.

- Promote pilot actions and design suitable adaptation and mitigation options, with focus on rights, monitoring arrangements and implementation standards.

VI. Recommendations to the United Nations Forum on Forests

62. The United Nations Forum on Forests may wish to consider urging countries to take the following actions based on the recommendations from the workshop:

- Promote the decentralization of forest management, taking into account the points of view of all relevant stakeholders, providing support for their empowerment, stimulating their participation in forest management decision-making processes at all levels, and recognizing that in decentralization, one size does not fit all.

- Support broad-based participation and efforts to clarify and secure ownership rights, and the enforcement and protection of those rights, taking into account the traditions of the local and indigenous communities.

- Eliminate barriers and improve the access of local communities to markets, as well as to the revenue generated by the sustainable management of forests, including through better distribution of fiscal resources.

- Promote the sustainable management of forests and enhanced benefits derived from them and judicious use of market tools such as transfer payments and voluntary partnership agreements.

- Enhance the transparency of governmental policies and actions directed to forest law enforcement, and pursue holistic anti-corruption efforts at all levels.

- Ensure that forest sector actors actively contribute to setting the post-2012 agenda of the UNFCCC, particularly on the role that forests might play in the new regime at the level of mitigation and adaptation.

- Promote national dialogue involving all relevant stakeholders with the view to developing norms and standards to facilitate benefits to local people and to encouraging the forest sector to make the best use possible of the mechanisms provided by the UNFCCC.

- Take a proactive rote in setting up trust and high standards of sector governance to make best use of new means of implementation.